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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)		
THIS LEASE AGREEMENT is made this 27th day of Mity	2008, by and between	
whose addresss is 2602 WAlker Street, Fort Worth, Texas 76105	as Lessor,	
 and, <u>DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201</u>, as Lessee. All printed portions of this lease were hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to described land, hereinafter called leased premises: 		
3 ACRES OF LAND, MORE OR LESS, BEING LOT(S) 7 BLOCK,	80	
OUT OF THE Polytechnic Heights ADDITION, AN ADDITION TO		
Fort Worth, Texas , TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLA	AT RECORDED	
IN VOLUME 63 ,PAGE 109 OF THE PLAT RECORDS OF TARRANT COUNT	Y, TEXAS.	
in the County of Tarrant, State of TEXAS, containing of 43 gross acres, more or less (including any interests therein which Lessor may reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carb-commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any sm land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforem Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covide determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more	and non hydrocarbon ion dioxide and other iall strips or parcels of ientioned cash bonus, ered. For the purpose	
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of <u>Five</u> (5) years from the date hereof, and for an or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is of effect pursuant to the provisions hereof. 3. Pouglior on all years and other publishess a marked and equal hereunder shall be gaid by Lease to Lease to Lease the lease to the provisions.	therwise maintained in	

separated at Lessee's separator facilities, the royalty shall be Twenty-Five (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty-Five (25%) of the proceeds similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be <u>I WERLY-FIVE (2376)</u> of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs Incurred by Lessee indelivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shuf-in or production there from is not being sold by Lessee, such well or wells are shuf-in or production there from is not being sold by Lessee then Lessee shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining

producing oil or gas or other substances covered hereby in paying quantities or such wells are well-in or producion there from is not being sold by Lessee, such well or wells are shul-in or production there from is not being sold by Lessee, then Lessee shall pay shul-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shul-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to property pay shut-in royalty payments under this lease shall be paid or tendered to Lessor to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land, Ali payments or lenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Malls in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should iquidate or be succeeded by another Institution, or for any reason fail or refuse to accept payment hereunder, Lesses or shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository and refuse to accept premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries or lands pooled therewith, or if all production (w leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similer pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or large as well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or horizontal completion to conform to any well spacing or density pattern that may be prescribed, provided that a larger unit may be formed for an oil well or horizontal completion to conform to any well spacing or density pattern that may be prescribed. Or permitted by any governmental authority, having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel, has do not a gas vell or a gas vell or a gas vell or means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equ

such part of the leased premises

8. The Interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the 8. The interest or either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth of zone, and one rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more nereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided Interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest is or eleaseed.

If I assee releases all or an undivided interest in less than all of the area covered by this lease or each position to report the less than all of the area.

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced

In Lesseer releases an or an undivided interest in less than all or the area covered hereby. Lessee's conjugation to pay or tender small-in revalues shall be proportionality reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of Ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises. except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements

premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fue, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay and at Lessee's ontrol, this peace shall not terminate because of such prevention or delay and at Lessee's ontrol, this peace is a control terminate because of such prevention or delay and at Lessee's ontrol, this peace shall not terminate because of such prevention or delay and at Lessee's ontrol, this peace is a control terminate because of such prevention or delay and at Lessee's ontrol, this peace is a control to the order of such prevention or delay and at Lessee's ontrol, this peace is a control to the order of such prevention or delay and at Lessee's ontrol.

obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the lead described fierein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default and Lessee fails to foreited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to remedy the other canceled in whole or in part unless Less

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalities or shul-in royalities otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalities and shut-in royalities hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the heirs, devisees, executors, administrators, successors and assigns, whethere is the second of the heirs of the second of the heirs.	e date first written above, but upon execution shall be binding on the signatory and the signer or not this lease has been executed by all parties hereinabove named as Lessor.
LESSOR (WHETHER ONE OR MORE)	
Billie Mc Collen	
By: Billie ME Cullen	Ву:
	ACKNOWLEDGMENT
STATE OF <u>Texas</u> COUNTY OF <u>Tarrant</u> This instrument was acknowledged before me on the <u>27</u> da	ay of May, 2008, by: Billie MECullen
and the same of th	Hauly Seatt
Notary Public, State of Texas My Commission Expires May 19, 2010	Notary Public, State/of <u>Texas</u> Notary's name (printed): Notary's commission expires:
STATE OF <u>Texas</u> COUNTY OF <u>Tarrant</u>	
This instrument was acknowledged before me on theda	ay of, 2008, by:

Notary Public, State of I EXAS Notary's name (printed): Notary's commission expires:



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>

\$20.00

Filed For Registration: 06/16/2008 09:31 AM Instrument#: D208228658
LSE 3 PGS

D208228658

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